

All-round partnership

The key to wealth management is to understand clients and arrive at solutions for their needs, says UBS' Gan Seow Ann

BY GENEVIEVE CUA

THANKS to a career spanning nearly three decades at brokerages such as Merrill Lynch and more recently helming the Singapore Exchange (SGX) as its president, Gan Seow Ann has been steeped in capital markets.

He made the switch to UBS in 2013 as vice-chairman for South-east Asia and Asia-Pacific in a bid to “get out of my comfort zone”, he says. Today he is divisional vice-chairman for wealth management at UBS AG. He welcomes the shift from a macro and community approach to markets at the SGX to one that is very much focused on individual clients and their personal and business assets. The key, he says, is to understand clients and arrive at solutions for their needs.

“Seventy five per cent of UBS clients globally are entrepreneurs. You work and partner with them to grow their assets. You don't do it in a transaction oriented manner. You want to have a deep understanding of what they need, and you work on a longer-term relationship.”

“What I have liked about working in UBS is its strong holistic partnership approach with clients to meet not only (their) personal wealth needs but also their corporate and family advisory needs.”

He says he recently worked with a client – a business owner – to provide advice on a public offer in which UBS played a leading role. The bank continues to advise the client on his business assets and personal wealth, helping him to set up a philanthropic foundation, for instance.

“The case clearly demonstrates the strength of UBS's integrated bank approach where we can provide advice and solutions for a client's private and institutional needs throughout the life cycle.”

The annual private bank league table by Asian Private Banker shows UBS consistently in the top spot. It took pole position in 2015. UBS has assets under management (AUM) of 271 billion Swiss francs (S\$378.7 billion) in the Asia-Pacific. This is 29 per cent of global AUM of 933 billion francs as at end-June. Of the total assets, the ultra high net worth client segment, officially defined as those with investible assets of 50 million francs, accounted for 54 per cent or 506 billion francs.

For Mr Gan, the threshold to be an ultra high net worth client is not so much the sheer size of client assets, but the complexity of needs. “Ultra' is a moving target. Even if you cut the line at 50 million or 100 million, if the client's needs are not institutional in nature, if they put all their assets into a market portfolio, then you may not need the complexity of service... Ultra wealthy clients tend to need to use the entire bank platform and even third-party banks. We make sure that clients who need more complex services are identified.”

One example of the ways ultra wealthy clients may differ is that they tend to focus on legacy, addressing issues surrounding inter-generational wealth transfer.

Mr Gan says UBS is in a strong position to advise on issues around legacy, thanks to a 50-year presence in Asia. Globally the average tenure of a client

relationship is around 47 to 48 years. “We have been dealing with five to seven generations of relationships. In Asia many business owners are in their 70s or 80s, still running the business and their children are joining them. They are exploring these questions – how do I pass on the governance to the next generation; how do I sustain our legacy across generations. Asia is on a learning curve... Now we look at more complex situations – helping them form a trust and look at family governance.”

Another area where the ultra wealthy differ is their penchant for more sophisticated, illiquid investments such as private equity (PE). Mr Gan says UBS has beefed up its team of PE specialists looking into screening, monitoring and analysing PE funds.

“These days because the interest rate curve tends to be flatter on the long end, the cost to put money into PE is cheaper. In the past other than the risk associated with owning a privately held firm, one of the biggest costs of investing in PE is the funding cost.” When the yield curve is steep the cost of funds rises with time. PE funds' lock-in period may be as long as seven years.

“Now there is more visibility in the PE space because there is more research and coverage. So mystery and black box risk is mitigated. This confluence of factors means more people are interested, particularly the upper end of clientele,” he says.

UBS invests significantly into its infrastructure and training of client advisers. In training, for instance, it launched its UHNW (ultra high net worth) Academy in Asia-Pacific, targeted at training senior UHNW advisers. The academy's framework covers UBS's “Ultra DNA” foundation. There are four competency models: ultra and institutional investments; leading a dialogue with an entrepreneur from startup to exit and UBS's solutions in this area; succession planning and multi-generational wealth management; and a module on passion and society.

Digital strategy

Another key part of UBS's commitment lies in its digital strategy. “Our hypothesis was proven right. Conventional thinking was that the super wealthy have no time to play around with technology. But our study found it was the contrary. For most wealthy clients, (the digital platform) is the go-to source of information. Then they follow up with calls and conversation. Usage of technology is widespread across the spectrum of clients. Our digitalisation journey is something we pay close attention to.”

Clients frequently volunteer to be in committees to evaluate tech features and applications. “That's a powerful proposition. I don't want to be investing lots of money and realise people use only a small portion. Technology gets into obsolescence quickly. So we constantly form committees of users who are clients.”

In 2014 it launched UBS Advice, a digital advisory solution which provides a portfolio monitoring system to analyse individual client portfolios against a set of pre-defined criteria. The solution alerts clients to any portfolio quality issues. Clients pay a flat fee for the solution. As at February 2015, the solution had attracted over one billion Swiss francs in Asia. Assets are understood to have more than doubled since then.

Last year, the bank launched its Centre for Design Innovation and Thinking in Singapore to focus on creating innovative and user-centric products. It also rolled out its Asian wealth management app, which is part of the co-creation process with clients. At the time, it claimed to be the only wealth management app in English, traditional or simplified Chinese.

The app is a form of robo-advisory, tracking recommendations from over 900 analysts, and looking at 1,800 equity counters, 18,000 fund instruments, 30 currencies and 30 commodities. **W**

